

CHANGE REQUEST for FY 08-09 BUDGET REQUEST CYCLE

Department:	Department of Natural Resources
Priority Number:	13 of 18
Change Request Title:	CWCB Intrastate Water Management and Development Section Staff

SELECT ONE (click on box):

- ☒ Decision Item FY 08-09
- ☐ Base Reduction Item FY 08-09
- ☐ Supplemental Request FY 07-08
- ☐ Budget Request Amendment FY 08-09

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- ☒ Not a Supplemental or Budget Request Amendment
- ☐ An emergency
- ☐ A technical error which has a substantial effect on the operation of the program
- ☐ New data resulting in substantial changes in funding needs
- ☐ Unforeseen contingency such as a significant workload change

Short Summary of Request:

This request is for 2.0 new FTE to assist in the implementation of the Water for the 21st Century Act and the Water Supply Reserve Account (created by Senate Bill 06-179). The Program Assistant I position will assist with administrative support of the two related programs. The Physical Science Researcher/Scientist I position will provide technical support in the implementation of the Water for the 21st Century Act and the Water Supply Reserve Account. The funding in the amount of \$122,286 for the 2.0 FTE and operating costs will come from existing cash funds from the Interbasin Compact's line item in the CWCB.

Background and Appropriation History:

In 2003, the State of Colorado initiated the Statewide Water Supply Initiative (SWSI). This work was authorized under Senate Bill 03-110. To date, this study has been the most comprehensive evaluation of Colorado's current and future water supply needs undertaken.

A completed report was presented to the legislature in 2004. The report in part indicated that a full assessment of water supply and supply alternatives was not completed because the basin roundtables wanted more time to review and analyze the findings on water supply and demands. Based on these requests the legislature approved Senate Bill 05-084 to continue work on water supply alternatives. In that same year, under the leadership of the Department of Natural Resources, House Bill 05-1177 (also known as the Water for the 21st Century Act) was passed. The legislation established permanent roundtables in every basin and required the roundtables to complete several tasks. Furthermore, the legislation required the integration of the SWSI with the new roundtable process.

The 2006 legislative session brought three additional pieces of legislation (House Bill 06-1385, House Bill 06-1400, and Senate Bill 06-179) to assist with the implementation of the previous legislation and to further examine and plan for Colorado's water supply future. These pieces of legislation provided 1.7 FTE (HB 1400) and financial support for contractors (HB 1385 and HB 1400). However, based on the work that is needed to support nine basin roundtables and experience gained over the last year, additional FTE support is still needed. In addition, Senate Bill 06-179 created the Water Supply Reserve Account (Account). The Account established a grant and loan program with funding, as amended in 2007, of up to \$42 million dollars over five years to fund water related studies and projects. These studies and projects must be approved by the basin roundtables and the CWCB to be authorized for funding. The CWCB is responsible for administering the program but no FTE were provided in the legislation.

In 2007, the legislature authorized the CWCB to develop a grant program to facilitate the development and implementation of alternative agricultural water transfer methods. The specific authorizing legislation for the grant program is Senate Bill 07-122. This legislation provided for \$1,500,000 for the board to develop and implement a competitive grant program to advance various agricultural transfer methods as alternatives to permanent agricultural dry-up in the South Platte and Arkansas River basins. Implementation and administration of this grant program is placing additional workloads and responsibilities on existing Intrastate Water Management and Development Section staff.

General Description of Request:

As seen from the legislative history, the development of the program area, to better prepare Colorado for its water supply future, has been an incremental process. The program relies heavily on a locally focused basin roundtable process with support and direction for that process occurring at the state level. To minimize costs, existing staff has been supporting the process and the basin roundtable participants are volunteers. Given the magnitude and complexity of the work and incrementally greater program responsibilities, it is apparent that the workload can not be accomplished with the existing FTE and by volunteer efforts. Indeed, current efforts by the State have heavily relied on technical contractors to perform more administrative tasks, which has not been as cost-effective as desired. The 2.0 new FTE are requested to address these needs as described below.

The Program Assistant I position will assist with several important program activities including:

- liaison and support role to Basin Roundtables to help with meeting logistics and attend select Basin Roundtable meetings to provide consistent input to and feedback from the Roundtables;
- assist in updating materials for websites regarding both the Water for the 21st Century Act and CWCB related programs;
- assist with public outreach to ensure broad information exchange between the roundtable process and affected stakeholders; and
- assist in the receipt of grant applications, information management, and administrative tracking of activities and projects associated with the Water Supply Reserve Account created under Senate Bill 06-179.

The Physical Science Researcher/Scientist I position will provide:

- review and technical analysis of grant applications from the Water Supply Reserve Account (WSRA);
- assist in the development and approval of scopes of work to be utilized in the contracting and purchase order process for successful grant applicants;

- assist in monitoring and verification of work products completed by the successful grant applicants; and
- provide assistance to the CWCB, Director of Compact Negotiations, and Basin Roundtables in the implementation, refinement, and completion of basin-wide needs assessment required under the Water for the 21st Century Act.

Consequences if Not Funded:

Grant administration duties are currently being performed on an ad hoc basis by several CWCB staff members. This has had several negative consequences, which include the redirection of staff time away from current duties to grant administration. Some of the duties which staff members are unable to meet include evaluating water supply alternatives, updating water demand data, participating fully in the roundtable process, and developing information on environmental and recreational water needs. Staff members have been working a significant number of additional hours on weekends and in the evenings to analyze applications and prepare them for CWCB Board review. The CWCB does not believe that continued use of existing staff is equitable, sustainable, or practical in the long run. Consequently, dedicated staffing for the grant program is needed. In this regard, several pros and cons for the use of State employees vs. hiring contractors appear below.

Pros/cons for use of State Employee

- Costs are less.
- Management of projects involving fiduciary financial responsibilities of state resources is better performed by state employees. State employees have the States' interests as their principle goals and objects.
- Hiring and training a permanent state employee would allow the CWCB to build and retain a base of technical knowledge and experience for the long-term benefit of the program.
- Does not take resources away from other technical work being performed with contract monies.

Pros/cons for use of Contract and/or Temporary Employees

- Article 12, Section 13 of the Colorado Constitution states that the employment of temporary employees cannot exceed six months. Refilling these positions every six months would be extremely inefficient and would likely result in time-consuming retraining and poor performance by relatively inexperienced personnel.
- The State pays only for contracted hours.
- Termination of contract employees is more immediate.

However, current work load and future estimates indicate that a minimum of 2.0 FTE are needed. Currently, over 45 grant requests for projects under SB06-179 have been received, totaling approximately \$9.0 million. By next year, this value could double.

Without the new FTEs, the original legislation will not be effectively and efficiently implemented. It is essential that the roundtable efforts and decisions be fully informed and that funding from the State be used in a manner that is focused on the important basin needs. Currently, the State has had to rely too heavily on the technical assistance of contractors to undertake activities that are more administrative in nature. Without the new FTE, the State will incur more costs for these administrative tasks.

Additionally, it is imperative that the State ensures that grant monies from the WSRA are properly awarded, administered, and documented. Without the FTE, adequate oversight of financial and technical decisions will not be possible. It is likely that a new grant program will be audited in the future. Having full documentation and effective program oversight will be essential to a successful audit review.

Calculations for Request:

The costs in the tables below will come from existing cash funds from the Interbasin Compact's line item in the CWCB.

Summary of Request FY 08-09	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Total Request	\$0	\$0	\$0	\$0	\$0	2.0

Summary of Request FY 08-09	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Interbasin Compacts (Program Expenses)	(\$8,356)	\$0	(\$8,356)	\$0	\$0	
PA 1 Personal Services (Salary, PERA, Medicare)	\$0	\$0	\$0	\$0	\$0	1.0
PA 1 – AED	\$575	\$0	\$575	\$0	\$0	
PA 1 - SAED	\$269	\$0	\$269	\$0	\$0	
PA 1 Annual Operating	\$0	\$0	\$0	\$0	\$0	
PA 1 Travel	\$0	\$0	\$0	\$0	\$0	
PSRS 1 Personal Services (Salary, PERA, Medicare)	\$0	\$0	\$0	\$0	\$0	1.0
PSRS 1 – AED	\$825	\$0	\$825	\$0	\$0	
PSRS 1 - SAED	\$387	\$0	\$387	\$0	\$0	
PSRS 1 Annual Operating	\$0	\$0	\$0	\$0	\$0	
PSRS 1 Travel	\$0	\$0	\$0	\$0	\$0	
Leased Space for 2.0 FTE	\$6,300	\$0	\$6,300	\$0	\$0	

Summary of Request FY 09-10	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Total Request	\$0	\$0	\$0	\$0	\$0	2.0
Interbasin Compacts (Program Expenses)	(\$8,138)	\$0	(\$8,138)	\$0	\$0	
PA 1 Personal Services (Salary, PERA, Medicare)	\$0	\$0	\$0	\$0	\$0	1.0
PA 1 – AED	\$575	\$0	\$575	\$0	\$0	
PA 1 - SAED	\$180	\$0	\$180	\$0	\$0	

Summary of Request FY 09-10	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
PA 1 Annual Operating	\$0	\$0	\$0	\$0	\$0	
PA 1 Travel	\$0	\$0	\$0	\$0	\$0	
PSRS 1 Personal Services (Salary, PERA, Medicare)	\$0	\$0	\$0	\$0	\$0	1.0
PSRS 1 – AED	\$825	\$0	\$825	\$0	\$0	
PSRS 1 - SAED	\$258	\$0	\$258	\$0	\$0	
PSRS 1 Annual Operating	\$0	\$0	\$0	\$0	\$0	
PSRS 1 Travel	\$0	\$0	\$0	\$0	\$0	
Leased Space for 2.0 FTE	\$6,300	\$0	\$6,300	\$0	\$0	

Assumptions for Calculations:

Personal Services

(Personal Services Salary + 10.15% PERA + Medicare 1.45% + AED 1.6% + SAED)

- Program Assistant I:
Personal Services (FY08-09 Salary): \$2,994 x 12 = \$35,928
10.15% PERA = \$3,647
1.45 % FICA (Medicare) = \$521
1.6% AED = \$575
SAED = \$269
Total Personal Services (PA1) = \$40,940
- Physical Science Researcher/Scientist I:
Personal Services (FY08-09 Salary): \$4,295 x 12 = \$51,540
10.15% PERA = \$5,231
1.45% FICA (Medicare) = \$747
1.6% AED = \$825
SAED = \$387
Total Personal Services (PA1) = \$58,730

Operating and Travel: (For each FTE)

-Annual Operating for FY08-09: includes computer (\$900), supplies (\$500), Office Suite software (\$330), Office equipment (\$2,225), Telephone base (\$450) = \$4,405

-Travel (Assumes 18 overnight trips per year):

- hotel at \$100/night x 18 nights = \$1,800
 - mileage at an average of 150 miles per trip x 18 trips x \$.39/mile = \$1,053
 - per diem of 18 trips x 2 days = 36 days X \$25/day = \$900
- Total Travel (cost per FTE) = \$3,753

Leased Space

The Leased Space amount was calculated by using data obtained from Staubach Group, which is the Real Estate Agency for the State of Colorado. The Staubach Group anticipates the average square foot rate for businesses in downtown Denver to be \$18 per square foot for the 2008-09 fiscal year. The CWCB needs 175 square feet for each of these new FTE, which is an average sized office or cubicle for the classification level of new staff members and is similar to the standards of current staff. Therefore, the CWCB is requesting funds in the amount of \$3,150 for 350 square feet of space for the new FTE (175 square feet x 2.0 FTE x \$18 per square foot = \$6,300).

Impact on Other Government Agencies:

None identified

Cost Benefit Analysis:

To compare the most cost-effective means to provide assistance with the Water Supply Reserve Account, an estimate of the costs to do the work with a state employee versus a contractor is provided below.

Physical Science Researcher/Scientist I (PSRS I) for the Intrastate Water Management and Development Section in the CWCB for FY08-09:

		Source of Data
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Salary, PERA, and Medicare for a PSRS I	2080 hours - \$57,519	Colorado Pay and Benefit Rates
Typical Contract Cost for junior scientist/engineer	2080 hours X \$80/hour = \$166,400	Existing State Contracts with Consulting firms and PSMJ Resource Inc. Fee and Pricing Survey
Savings Using State Employee	\$108,881	

Program Assistant I (PA I) for the Intrastate Water Management and Development Section in the CWCB for FY08-09:

		Source of Data
Salary, PERA, and Medicare for a PA I	2080 hours - \$40,096	Colorado Pay and Benefit Rates
Typical Contract Cost for staff assistant level support	2080 hours X \$21.13/hour = \$43,950	Existing State Contracts with Consulting firms and PSMJ Resource Inc. Fee and Pricing Survey
Savings Using State Employee	\$3,854	

Implementation Schedule: FTE

Task	Month/Calendar Year
Write Position Description Questionnaires and complete related Human Resource transactions	May 2008
Advertise for Position	Late May 2008
HR Candidate Review, CWCB Interview and Hire new positions	June 2008

New Employee Begins	July 2008
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Implementation Schedule: Leased Space

Task	Month/Calendar Year
Contact Staubach Group about vacant lease space	May 2008
Negotiate with building owners about price and start contract with building owners	June 2008
Complete contract with all approvals and move into new space	July 2008

Statutory and Federal Authority:

37-75-101 C.R.S. (2007): Short Title: “This article shall be known and may be cited as the "Colorado Water for the 21st Century Act".”

37-75-102 C.R.S. (2007): “(1) It is the policy of the general assembly that the current system of allocating water within Colorado shall not be superseded, abrogated, or otherwise impaired by this article. Nothing in this article shall be interpreted to repeal or in any manner amend the existing water rights adjudication system. The general assembly affirms the state constitution's recognition of water rights as a private usufructuary property right, and this article is not intended to restrict the ability of the holder of a water right to use or to dispose of that water right in any manner permitted under Colorado law.

(2) The general assembly affirms the protections for contractual and property rights recognized by the contract and takings protections under the state constitution and related statutes. This article shall not be implemented in any way that would diminish, impair, or cause injury to any property or contractual right created by intergovernmental agreements, contracts, stipulations among parties to water cases, terms and conditions in water decrees, or any other similar document related to the allocation or use of water. This article shall not be construed to supersede, abrogate, or cause injury to vested water rights or decreed conditional water rights. The general assembly affirms that this article does not impair, limit, or otherwise affect the rights of persons or entities to enter into

agreements, contracts, or memoranda of understanding with other persons or entities relating to the appropriation, movement, or use of water under other provisions of law.”

37-75-103 C.R.S. (2007): “Director of compact negotiations. (1) Within thirty days after June 7, 2005, the governor shall appoint a director of compact negotiations, which office is hereby created in the office of the governor. The director of compact negotiations shall act as the overseer and caretaker of the compact negotiations process established in this article.”

(2) The director of compact negotiations shall have the following responsibilities:

- (a) Provide support and assistance to applicable local stakeholders in the formation of permanent basin roundtables established pursuant to section 37-75-104;
- (b) Oversee and direct the expenditure of moneys appropriated pursuant to this article; and
- (c) Serve as the chairperson of the interbasin compact committee and oversee implementation of the interbasin compact committee's responsibilities consistent with section 37-75-105, including the timely completion and referral of the interbasin compact charter.”

37-75-104 C.R.S. (2007): This section describes the organization and role of the various Basin Roundtables along with powers and responsibilities.

37-75-105 C.R.S. (2007): This section describes the Interbasin Compact Committee Charter.

37-75-106 C.R.S. (2007): “Public education - outreach.

- (1) The interbasin compact committee shall develop a public education, participation, and outreach working group.
- (2) The public education, participation, and outreach working group shall:
 - (a) Create a process to inform, involve, and educate the public on the interbasin compact committee's activities and progress of the interbasin compact negotiations; and
 - (b) Create a mechanism by which public input and feedback can be relayed to the interbasin compact committee and compact negotiators.”

39-29-109 C.R.S. (2007): This section describes the creation, administration, fund use, definitions, and repeal for the Severance Tax Trust Fund.

Performance Measures:

Performance Measure DNR #6 (Increase water storage to meet long term water supply needs): The intent of the decision item is to help the CWCB and DNR more effectively and efficiently meet DNR's goal of increasing water storage to meet long-term water supply needs. The addition of staff, from this request, will assist toward meeting the water storage increase of 20,000 acre feet annually. On the contrary, without the new FTE, water storage may increase only by 19,800 acre feet annually. Stated differently, we believe that this decision item will help the CWCB, in working with state and local leaders, to provide requestors with technical and financial assistance to meet a portion of the storage needed to satisfy 20 percent of the "gap" of 630,000 acre feet in long-term water supply, resulting in a potential addition of 200 acre feet of water being stored annually.

The CWCB can only provide financing and technical assistance to individual water users that request it. In addition, political, social, legal, hydrologic, and economic realities, that affect water resource development, limit the CWCB's ability to directly implement water supply projects. In this regard, the CWCB's performance in closing the water supply gap is significantly influenced by outside factors.